

Brilliant at the Basics: Defined

Remarks prepared for delivery to the Memphis City Council on **April 19, 2016**, on the occasion of the 2016-17 budget proposal presentation.

Mayor Jim Strickland

Thank you, Chairman Conrad, Vice Chairman Ford, and members of the council for the opportunity to speak with you today.

I don't think we should go any further today without expressing our gratitude for the life and service of Lieutenant Rodney Eddins, who passed away over the weekend while fighting a fire in Westwood. Lieutenant Eddins was a dedicated, 30-year veteran of Memphis Fire. We extend our sympathies to his family. And I have ordered city flags to be lowered to half-staff.

Let us not forget his service. And let us not forget the dedicated service of all of our employees, who are truly the backbone of our city. And let us not forget that we are here to serve our citizens. We serve them with our decisions, and we serve them by what we do every day. Our service to our citizens is at the heart of what I present to you today.

As you know, city ordinance specifies that I deliver this budget proposal to you today, the third Tuesday in April. I want you to know how I look forward to working **together** in this process as we adopt a budget by the end of June.

But today, allow me a few minutes to go beyond simply what the ordinance requires.

This budget book is filled with numbers, but it's not merely an exercise in where to allocate money. It's a document that shows the priorities of our city. And my proposal today reflects the priorities I have as your mayor -- and I think that Memphians in every single part of our city have, too.

You've heard me talk of the phrase "brilliant at the basics." I said it during the transition, I said it at my inauguration, I've said it at civic clubs, and I've said it in so many interviews.

But what does that look like?

Today, I'm here to answer those questions. And the budget you have in front of you is the guidebook.

My vision for city government is this: By being brilliant at the basics, we will lead a responsible, efficient government that enables all of the good things going on in Memphis to multiply.

Let me repeat that: By being brilliant at the basics, we will lead a responsible, efficient government that enables all of the good things going on in Memphis to multiply.

Let this budget be another step in our collaborative process to improve the core services delivered every day to our consumer, the citizen.

Let this be a road map for a government that takes care of its end of the bargain and allows the Memphis renaissance to accelerate.

Let this be an example for the years to come.

While our conversations in the coming weeks will understandably focus on the details -- and we know those skew toward our challenges -- rest assured that there are so many good things going on in Memphis, in this special time in our history.

Today in Memphis, for the first time in more than 50 years, you can have lunch at the Chisca Hotel.

On Friday night in Memphis, you'll be able to watch an NBA playoff game at one of the best arenas in the country. (And yes, I still *believe*.)

Today in Memphis, you can think about what it'll look like inside the old Sears Crosstown building when it opens in a year.

Today in Memphis, if you're a minority or a woman who owns a business, you can benefit from new energy to help you thrive. If you have a nonviolent criminal past, you can look to new efforts that help get you a fresh start.

So where does city government come in?

Consider this the roadmap to what that means under a Strickland administration.

In this budget, you'll see very clearly three priorities: 1) Public safety, 2) Pension funding, 3) Paving streets.

These critical cornerstones of our city deserve extra attention.

Here's how:

PUBLIC SAFETY. The No. 1 job of city government is to provide for the safety of its citizens. That means police and fire.

No role is more essential.

No job is more crucial.

For our police department, you will see an increase of nearly \$6 million.

There is no question that we don't have as many police officers as we all would like. There's no question that our brave men and women deserve fairer pay, a better promotional structure and incentives to stay.

To those sitting in the audience here today, I say this: We've heard you.

So in this budget, I've set aside \$3.8 million that we'll use to make the pay for our police officers more competitive. And I'm happy to report, as I'm sure you heard over the weekend, that we've done this in partnership with the leadership of the Memphis Police Association.

Even more, the budget includes two police academy classes. Thanks to the actions proposed today, and thanks to the hard work of Interim Director Michael Rallings and the Memphis Police Department, we hope that we're starting to turn the corner on our staffing issue -- and that we'll look back in a few years at 2016 as when we started to do that.

In our fire department, we all know there have been similar issues about staffing and retention. I'm happy to report today that this budget sets aside about \$1.9 million to increase the pay of fire fighters by 2 percent. That, too, was accomplished working hand in hand with leaders of the Memphis Fire Fighters Association.

PENSION FUNDING. For time's sake, we won't do a full history of the pension issue, other than to say we've made progress -- from \$19 million in annual funding in 2014 to \$50 million this budget year. And by 2020, as you all know, the state says we must pay 100 percent of our annual required contribution.

So I'm happy to report to you today that I propose to take another, steady step toward that. We propose to spend \$54 million toward our pension fund in next year's budget. That's 93 percent of the \$58 million our actuaries say we should pay -- and nearly three times what we were doing just two years ago.

It's also a full \$10 million ahead of the schedule the state gave us when it passed that law two years ago.

PAVING STREETS. Our Capital Improvement Plan budget proposes \$16.5 million toward repaving our streets -- a 10 percent increase from a year ago. Based on our best estimates, that represents a total of 245 lane-miles of roadway.

Over and over again, I hear from our citizens about the conditions of their streets. We have too many potholes, and it takes too long to repave streets.

I agree.

But with this proposal, we'll go a long way toward rehabbing our vitally important infrastructure and give Memphians the streets they deserve.

Public safety. Pension. Paving. There's a common theme here: **Being brilliant at each of those basics helps enable our city to thrive.**

By strengthening public safety, our city is safer and more attractive to employers. By addressing our pension fund, our city can endure for generations and avoid the kind of turmoil we've seen elsewhere. By paving streets, we eliminate headaches and become a more livable city that attracts more and more people back.

This is what "brilliant at the basics" looks like. This is why we talk about it, and why it's our motto.

And since this is a budget presentation, after all, let's get a few technical things out of the way:

- This budget does not call for a property tax increase. We have the highest combined city-county tax rate in Tennessee, by far. Greatly increasing it would only hasten the population loss we are working hard to stem.

- This budget is balanced, as required by state law. But more than that, this budget does not dip into reserves. Our \$91 million fund balance remains the same, and its size ensures we're not in danger of default. We're balancing this budget on hard work and efficiency, not at the expense of our fiscal security.
- This budget is \$9 million more than last year, but that's because we experienced a slight uptick in revenue from last year.
- Our Capital Improvement Plan budget calls for borrowing \$85 million of general obligation bonds -- and no, I'm not particularly thrilled with that number, either. Yet we're dealing with CIP commitments that we weren't aware of even months ago, not the least of which is eight-figures to pay for radios to make sure our first-responders have workable technology. I was determined not to let this one commitment choke our ability to pay for the basics our citizens demand.

Now, here are a few other ways we propose to be brilliant at the basics -- and improve the quality of life for every Memphian, every day:

- We are committed to a vibrant public transit system in Memphis, and last month, we flipped the switch on MATA to implement its Short Range Transit Plan by the end of the year. We're putting money behind that, too: \$2.5 million more to MATA in operating expenses, and \$5 million more to MATA in capital expenses.
- This budget funds the 30 part-time 911 call-takers that we initiated back in January. Answering citizens' most vital calls is something we must do in a matter of seconds. Anything else is unacceptable.
- We believe that safe, affordable, attainable housing is a core service. To that end, I'm committed to \$6 million as the start of a series of annual matching grants to fund the South City project. And we're also

allocating \$2 million for Mason Village, an important new development near Mason Temple.

- Yet that's not all. Our Housing and Community Development Division has developed a new down payment assistance program to provide financial assistance to homebuyers in targeted neighborhoods throughout our city. The goal is to incentivize individuals and families to move into core city neighborhoods and promote homeownership. The program will include some money set aside for public safety officers as a special incentive for those employees.
- Also in this budget proposal, you'll see \$407,000 to fund the initiative you'll probably vote on tonight -- new SkyCop cameras. We're glad to work with Councilman Spinosa and all of you to get this done.
- We believe in stronger, more robust programming at community centers. That's a process that we're still far from complete on, but here's a step toward that direction: The CIP budget calls for extending fiber Internet to all of our community centers at a cost of more than \$200,000.
- We're always looking for better ways to be good stewards of taxpayer dollars. There are many of these items in our budget, but I'll highlight one: Our hard-working Human Resources staff, under the direction of Chief Human Resources Officer Alex Smith, found \$300,000 in annual savings by streamlining our Workplace Safety and Talent Management functions.

Our budget proposal doesn't just reflect our priorities -- it reflects a big start on how we view the structure of city government, too.

Here's a quick example: Take the Executive division budget, which shows a 57 percent increase. But it's actually not that. It shows that increase on paper because I decided to move Memphis Animal Services, which

previously was under the Parks and Neighborhoods line item, under the Executive Division. Given the issues there in recent years, it's vitally important that MAS reports directly to the Chief Operating Officer, who reports to me. I think it matters that much.

So its costs and employees move to Executive, but since they leave the Parks category, the net new cost to the city budget and taxpayer is zero.

There are a few other of those instances, and we plan to communicate more with you in the coming days and weeks about how those will work.

The last point I'll make with you today is about our finances as a whole. Everyone who has served on this dais in the past four or eight years knows how painful some of the decisions we've had to make really are. I've often said that our votes on employee benefits were the toughest I encountered in eight years sitting beside you. I commend you for your discipline in past votes. And I ask you to remain disciplined.

We all wish we could do more with our budget. But we cannot deny the reality of our financial situation: Population loss has led to a stagnant property tax base, and since we are so dependent on property taxes to fund our budgets, we don't have some of the budget luxuries we all wish we had. This is reality.

But so long as we remained disciplined, Memphis will come through this an even stronger city poised for more and more.

We're already starting to see some progress on that front. Let me share with you what happened just last week. Moody's, the major credit rating agency, affirmed the rating on our bonds -- and revised our outlook from "negative" to "stable." I can let Brian Collins explain that in depth, but I do want to share two things that Moody's said:

1. Our "regionally important economy" is "expected to begin a modest growth phase," and

2. We have a “recently improved and currently healthy financial position that has benefitted from more conservative budgeting.”

Again, that’s Moody’s.

And that, without question, is how being brilliant at the basics enables Memphis to thrive.

In closing, I present this to you today not only because ordinance requires me to, but because I want to ask for your help.

This is the most important work we’ll do all year. This is why I campaigned for mayor. This is why the citizens of Memphis sent us all up here -- to do the hard work to build a better Memphis for our future.

It’s not flashy. It’s not something that will lead the TV newscasts tonight.

But it’s important, and 650,000 Memphians are counting on us to get it right.

So let’s do that together. I’ve already met with most of you 1-on-1 for a preview of what you’ve heard today. I pledge to you my administration’s assistance to answer your questions. And I’m willing to meet with you at any time in the next few weeks and months to talk about any of your own concerns.

By design, this is a collaborative process -- I present a budget, you approve a budget. Let’s show the people of Memphis who sent us here that it’s collaborative not just in design but in practice, too.

Let’s deliver to them a government that is “brilliant at the basics.”

And let’s do it together.

Thank you.